

Y-IBM  
TC2  
1980

## SOFTWARE MARKETING PRACTICES



Y-IBM  
TC2

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Software Marketing Practices.

TITLE

8/80



SOFTWARE MARKETING PRACTICES

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## ORDER OF PRESENTATION

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- Introduction.
- Conclusions.
- Company profiles.

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## INTRODUCTION

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- Objectives.
  - Interview 20-24 software vendor selling 2-5 software packages.
  - Determine software discount pricing policies.
- Methodology.
  - All interviews accomplished by telephone.
  - IBM not identified.
  - INPUT identified as a consultant to all vendors.



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## COMPANIES CONTACTED

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- Advanced Computer Techniques Corporation.
- Advanced Data Management, Division of A.R.A.P, Inc.
- ARKAY Computer, Inc.
- The Boston Systems Office, Inc.
- C & S Computer Systems.
- CFS, Inc.
- Cambridge Computer Associates, Inc.
- Cambridge Systems Group.
- Candle Corporation.
- Commercial Software.
- Computation Planning, Inc.
- Computer Industries Corporation.
- Computersmiths.



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**COMPANIES CONTACTED - continued**

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- Cybernetics and Systems, Inc.
- Informatics, Inc.
- Information Builders, Inc.
- Innovation Data Processing.
- Interprocess Systems, Inc.
- Labyrinth Systems, Inc.
- Macro 4, Inc.
- Management Information Technology.
- Software Concepts, Inc.
- Software Consulting Services.
- Software Resources.
- Software Results Corporation.
- Wintek Corporation.



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**RESPONDENTS**

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Owners, Presidents	8	31%
Vice Presidents	3	12%
Directors of Marketing	10	38%
Others	<u>5</u>	<u>19%</u>
TOTAL	26	100%

INPUT



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## GEOGRAPHIC COVERAGE

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New York	5
Massachusetts	4
New Jersey	4
California	3
Georgia	2
Ohio	2
Indiana	1
Kentucky	1
Maryland	1
Pennsylvania	1
Texas	1
Virginia	1

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## CONCLUSIONS

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- Most companies discount software products.
  - Discounts are fairly large extending to over 50% for the second copy.
  - Five copies usually results in the maximum discount.
- Discount are usually not negotiable.
  - Most respondents have fixed, printed schedules.
  - Discounts beyond the schedule are negotiable.
- Implied discounts are not generally given.
- Maintenance fees bring big profits especially in the second and subsequent years.
- Educational discounts are generally available.



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## SUMMARY STATISTICS

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- DEMOGRAPHICS
  - 46% GAVE REVENUE FIGURES
  - 62% GAVE EMPLOYEE FIGURES
- LICENSE
  - 54% LICENSE TO THE CPU SERIAL NUMBER
  - 46% LICENSE TO THE SITE
  - 27% LICENSE TO THE USER COMPANY
- PAYMENT METHOD
  - 73% PAID-UP LICENSE
  - 69% MONTHLY LEASE
- DISCOUNTS
  - 30% AVERAGE FIRST COPY DISCOUNT
  - 36% AVERAGE SECOND COPY DISCOUNT
  - 20% AVERAGE ADDITIONAL EDUCATION DISCOUNT



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RESPONDENT A

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- 1979 REVENUE
  - \$750,000
- EMPLOYEES
  - NOT AVAILABLE
- NUMBER OF PRODUCTS
  - 3 (COMMUNICATIONS)
- LICENSED TO
  - CPU SERIAL NUMBER AND USER COMPANY
- PAYMENT METHODS
  - MONTHLY LEASE
  - ANNUAL LEASE
  - PAID-UP LICENSE
- LIST PRICES
  - MONTHLY                      \$    90            \$   130            \$   205
  - ANNUALLY                    \$   972           \$1,425           \$2,215
  - PAID-UP LICENSE           \$2,025           \$4,275           \$6,645

INPUT



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RESPONDENT A - (continued)

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- DISCOUNT PLANS

- AD HOC DISCOUNTS ONLY IF NECESSARY
- PRIMARY CUSTOMER IS DEPARTMENT OF THE ARMY
- EDUCATIONAL DISCOUNTS 25-30% ON AN AD HOC BASIS

- MISCELLANEOUS

- MAINTENANCE IS FREE
- NO TRAINING NEEDED

INPUT



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RESPONDENT B

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- REVENUE
  - \$1.2 MILLION
- EMPLOYEES
  - 8
- NUMBER OF PRODUCTS
  - 2 (CONVERSION AID, UTILITY)
- LICENSED TO
  - CONVERSION AID TO USER FIRM
  - UTILITY TO CPU SERIAL NUMBER
- PAYMENT METHODS
  - PURCHASE
  - MONTHLY (FIXED PLUS USAGE CHARGE)
- LIST PRICES
  - MONTHLY \$ 750 PLUS USAGE \$ 30
  - PURCHASE \$50,000 \$1,200

INPUT



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RESPONDENT B - (continued)

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- DISCOUNT PLANS
  - ON PURCHASE OR LEASE
  - 10% ON SECOND COPY
  - 20% ON THIRD COPY
  - 30% ON FOURTH COPY
  - 40% ON FIFTH COPY
  - 50% ON ADDITIONAL COPIES
  - ADDITIONAL 10% TO EDUCATIONAL INSTITUTIONS



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RESPONDENT C

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- REVENUES
  - NOT AVAILABLE
- EMPLOYEES
  - NOT AVAILABLE
- NUMBER OF PRODUCTS
  - 2 (PROGRAMMING AID, UTILITY)
- LICENSED TO
  - USER FIRM
- PAYMENT METHODS
  - PAID-UP LICENSE
  - PURCHASE
  - USAGE
- LIST PRICES
  - PURCHASE                      -                      \$1,500
  - PAID-UP LICENSE    \$24,500                      -
  - USAGE                      (PROPRIETARY)

INPUT



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RESPONDENT C - (continued)

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- DISCOUNT PLANS
  - 25% DISCOUNT ON ADDITIONAL COPIES OF SAME PRODUCT TO SAME USER
- MISCELLANEOUS
  - FREE MAINTENANCE

INPUT



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## RESPONDENT D

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- 1979 REVENUE
  - \$2.0 MILLION
- EMPLOYEES
  - 20
- NUMBER OF PRODUCTS
  - 2 (DATA MANAGEMENT, COMMUNICATIONS)
- LICENSED TO
  - CPU SERIAL NUMBER
- PAYMENT METHODS
  - MONTHLY
  - QUARTERLY
  - ANNUALLY
  - PAID-UP LICENSE
- LIST PRICES

- MONTHLY	\$ 833-\$ 2,500	\$ 208-\$ 417
- QUARTERLY	\$ 2,500-\$ 7,500	\$ 625-\$ 1,250
- ANNUALLY	\$10,000-\$30,000	\$2,500-\$ 5,000
- PAID-UP LICENSE	\$20,000-\$60,000	\$5,000-\$10,000

INPUT



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RESPONDENT D - (continued)

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- DISCOUNT PLANS

- SECOND COPY-10% LESS
- TENTH COPY-50% LESS
- NO EDUCATION DISCOUNTS

- MISCELLANEOUS

- DISCOUNTS KEYED TO EXPECTED LEVELS OF SUPPORT NECESSARY
- PRICE RANGE IS DUE TO USE WITH DIFFERENT OPERATING SYSTEMS
- MAINTENANCE IS 10% IN SECOND YEAR IN BUY-OUT
- TRAINING IS FREE ON-SITE FOR LARGE CUSTOMERS
- CREDIT TOWARD PURCHASE IS 1/3 OF RENTALS PAID UP TO 15 MONTHS



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RESPONDENT E

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- 1979 REVENUE
  - NOT AVAILABLE
- EMPLOYEES
  - NOT AVAILABLE
- NUMBER OF PRODUCTS
  - 2 (DATA MANAGEMENT, UTILITY)
- LICENSED TO
  - CPU SERIAL NUMBER (DM), USER SITE (UT)
- PAYMENT METHODS
  - LEASE
  - MONTHLY BUY-OUT (36 MONTHS)
  - PAID-UP LICENSE
- LIST PRICES
  - MONTHLY                      \$ 1,150                      \$ 700
  - PAID-UP LICENSE       \$27,000                      \$14,250
- DISCOUNT PLANS
  - 10% LESS FOR EACH ADDITIONAL SITE FOR EITHER PRODUCT
  - 33% LESS FOR ADDITIONAL SYSTEMS AT SAME SITE FOR UTILITY PRODUCT

INPUT



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RESPONDENT E - (continued)

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- MISCELLANEOUS

- UNIQUE PRICING PRACTICE, "NO DEALS MADE"
- MAINTENANCE IS 12% STARTING IN SECOND YEAR ON PAID-UP LICENSE. INCLUDED IN LEASE
- 50% OF FIRST YEAR'S LEASE CAN BE CREDITED TO PAID-UP LICENSE OF UTILITY PRODUCT

INPUT



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RESPONDENT F

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- 1979 REVENUES
  - \$30,000
- EMPLOYEES
  - 1
- NUMBER OF PRODUCTS
  - 2 (PROGRAMMING AIDS)
- LICENSED TO
  - CPU SERIAL NUMBER AND USER SITE
- PAYMENT METHODS
  - MONTHLY (1-5 YEARS)
  - PAID-UP LICENSE
- LIST PRICES
  - MONTHLY                      \$ 150                      \$ 100
  - PAID-UP LICENSE   \$7,500                      \$2,500

INPUT



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RESPONDENT F - (continued)

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- DISCOUNT PLANS

- 50% LESS FOR SECOND COPY FOR NEW SITE
- NO CHARGE FOR MULTIPLE COPIES, SAME SITE
- BACK-UP COPY FREE
- LESS EXPENSIVE PRODUCT FREE UPON ACQUISITION OF HIGHEST PRICED PRODUCT
- 20% ADDITIONAL EDUCATION DISCOUNT
- 20% ADDITIONAL FEDERAL GOVERNMENT DISCOUNT

- MISCELLANEOUS

- 50% OF ALL MONTHLY PAYMENTS CREDITED TOWARDS PAID-UP LICENSE



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RESPONDENT C

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- 1979 REVENUE
  - "SMALL"
- EMPLOYEES
  - NOT AVAILABLE
- NUMBER OF PRODUCTS
  - 2 (OPERATING SYSTEMS)
- LICENSED TO
  - CPU SERIAL NUMBER, USER SITE
- PAYMENT METHODS
  - MONTHLY (24 AND 36 MONTH FULL BUY-OUT)
  - QUARTERLY
  - PAID-UP LICENSE
- LIST PRICES
  - MONTHLY                      \$    550                      \$    550
  - PAID-UP LICENSE   \$15,000                      \$12,500

INPUT



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RESPONDENT G - (continued)

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- DISCOUNT PLANS

- 20% LESS FOR EACH ADDITIONAL COPY
- \$3,000 LESS ON SECOND PRODUCT AFTER BUYING FIRST
- 30% LESS FOR ALL COPIES TO EDUCATIONAL INSTITUTIONS IN ADDITION TO ANY OTHER DISCOUNT

- MISCELLANEOUS

- FREE USE OF PRODUCT FOR 30 DAYS WHEN CONVERTING FROM ONE IBM OPERATING SYSTEM TO ANOTHER
- MAINTENANCE IS 15% OF PAID-UP LICENSE IN SECOND YEAR
- MAINTENANCE INCLUDED IN LEASE



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RESPONDENT H

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- 1979 REVENUE
  - NOT AVAILABLE
- EMPLOYEES
  - 23
- NUMBER OF PRODUCTS
  - 3 (OPERATING SYSTEM, APPLICATIONS)
- LICENSED TO
  - USER SITE
- PAYMENT METHODS
  - MONTHLY
  - ANNUALLY
- LIST PRICES
  - MONTHLY     \$   800     \$   450
  - ANNUALLY    \$9,120     \$5,130 (PREPAYMENT)

INPUT



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RESPONDENT H - (continued)

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- DISCOUNT PLANS

- "DISCOUNT SCHEDULE IS TOO COMPLEX TO DISCUSS OVER THE TELEPHONE"
- DISCOUNTS SUBJECT TO NEGOTIATION
- 5% DISCOUNT FOR ANNUAL PREPAYMENT
- ANYTHING CAN BE NEGOTIATED
- ALL IMPLIED DISCOUNTS HAVE BEEN NEGOTIATED

- MISCELLANEOUS

- NO PAID-UP LICENSE IS AVAILABLE, ONLY RENTAL

INPUT



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RESPONDENT 1

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- 1979 REVENUE
  - "SMALL"
- EMPLOYEES
  - NOT AVAILABLE
- NUMBER OF PRODUCTS
  - 2 (APPLICATIONS)
- LICENSED TO
  - USER FIRM
- PAYMENT METHODS
  - NEGOTIABLE, USUALLY PAID-UP LICENSE
- LIST PRICES
  - NONE, TURNKEY PACKAGE THAT MUST BE CUSTOMIZED
- DISCOUNTS
  - NEGOTIABLE

INPUT



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RESPONDENT J

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- 1979 REVENUE
  - \$250,000 (MAIN PRODUCT ONLY)
- EMPLOYEES
  - 35
- NUMBER OF PRODUCTS
  - 3 (COMMUNICATIONS, UTILITIES)
- LICENSED TO
  - USER SITE
- PAYMENT METHODS
  - PAID-UP LICENSE (99 YEARS)
- LIST PRICE
  - \$22,000-\$55,000 (MAIN PRODUCT)
  - AVERAGE \$35,000 (DEPENDS UPON HARDWARE CONFIGURATION AND CUSTOMIZATION REQUIRED)
- DISCOUNT PLANS
  - 10% LESS FOR SECOND SITE
  - 25% LESS FOR THIRD SITE (NEVER SOLD 2)
  - UNLIMITED USE AT SAME SITE

INPUT



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RESPONDENT K

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- 1979 REVENUE
  - NOT AVAILABLE
- EMPLOYEES
  - NOT AVAILABLE
- NUMBER OF PRODUCTS
  - 3 (UTILITY, COMPILER, DATA MANAGEMENT)
- LICENSED TO
  - USER SITE (COMPILER)
  - USER SITE OR CPU SERIAL NUMBER (OTHERS)
- PAYMENT METHODS
  - ANNUAL PAYMENT (COMPILER)
  - PAID-UP LICENSE (OTHERS)
- LIST PRICES
  - ANNUAL PAYMENT (COMPILER) \$10,000
  - PAID-UP LICENSE \$4,400 \$2,500
  - OPTION 1 \$3,000 \$1,500
  - OPTION 2 \$5,000

INPUT



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RESPONDENT K - (continued)

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- DISCOUNT PLANS

- 10% LESS FOR EACH ADDITIONAL SITE (COMPILER)
- 20% LESS FOR EACH ADDITIONAL SITE (OTHERS)
- 50% LESS FOR ADDITIONAL SYSTEMS AT SAME SITE (OTHERS)
- 15% ADDITIONAL FOR EDUCATIONAL INSTITUTIONS
- 15% INSTEAD OF 10% FOR FEDERAL GOVERNMENT (COMPILER, ONLY)

- MISCELLANEOUS

- COMPANIES WILL HAVE TO CHANGE FROM PAID-UP LICENSE TO MONTHLY RENTAL DUE IBM METHODS



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RESPONDENT L

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- 1979 REVENUE
  - NOT AVAILABLE
- EMPLOYEES
  - 20
- NUMBER OF PRODUCTS
  - 3 (COMMUNICATIONS, PROGRAMMING AID, DATA MANAGEMENT)
- LICENSED TO
  - CPU SERIAL NUMBER
  - USER FIRM LICENSE HAS BEEN NEGOTIATED
- PAYMENT METHODS
  - MONTHLY
  - PAID-UP LICENSE
- LIST PRICES
  - MONTHLY                   \$   440/\$   485   \$   305/\$   350   \$   280
  - PAID-UP LICENSE   \$14,000/\$15,900   \$8,500/\$9,900   \$6,000

INPUT



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RESPONDENT L - (continued)

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- DISCOUNT PLANS

- EACH COPY IS 20% LESS THAN THE PREVIOUS COPY THROUGH THE FIFTH THEN ALL ARE THE SAME AS THE FIFTH COPY (41% OF LIST PRICE)
- 50% (NEGOTIABLE) MAINTENANCE CONTRACT FOR REDUCED MAINTENANCE, PRIMARILY FOR RESELLERS
- 15% ADDITIONAL EDUCATION AND FEDERAL GOVERNMENT DISCOUNT STARTING WITH FIRST COPY

- MISCELLANEOUS

- 50% OF EACH MONTHLY PAYMENT CAN BE CREDITED TOWARDS PAID-UP LICENSE
- 90-DAY DEMONSTRATION CONTRACT AVAILABLE



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RESPONDENT M

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- 1979 REVENUE
  - \$125 MILLION
- EMPLOYEES
  - 2,500
- NUMBER OF PRODUCTS
  - 2 (PROGRAMMING, DATA MANAGEMENT)
- LICENSED TO
  - USER SITE
- PAYMENT METHODS
  - MONTHLY (1-48 MONTH LEASES AVAILABLE)
  - QUARTERLY
  - ANNUALLY
  - PAID-UP LICENSE
  - PURCHASE
- LIST PRICES
  - MONTHLY     \$5,988/MONTH FOR 3 MONTH LEASE (\$50K)  
                 \$1,532/MONTH FOR 48 MONTH LEASE (\$50K)
  - PURCHASE    \$50K-\$120K

INPUT



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RESPONDENT M - (continued)

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- DISCOUNT PLANS

- 20% LESS ON ALL COPIES OF PRODUCT AT SAME SITE (PROGRAMMING)
- 25% LESS AT ALL SITES AFTER THE FIRST
- 10% DISCOUNT ON ALL PRODUCTS AFTER THE FIRST
- 5% DISCOUNT ONLY ON PRODUCTS OR COPIES ORDERED WITHIN 60 DAYS OF INITIAL CONTRACT BUT NOT ORDERED INITIALLY
- 2% DISCOUNT IF INVOICE IS PAID WITHIN 10 DAYS

- MISCELLANEOUS

- 75% OF \$5,986/MONTH PURCHASE CREDIT ON 3 MONTH LEASE
- 50% OF \$3,709/MONTH PURCHASE CREDIT ON 3 MONTH LEASE
- NO CREDIT ON \$1,858/MONTH ON 6 MONTH LEASE



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RESPONDENT N

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- 1979 REVENUE
  - NOT AVAILABLE
- EMPLOYEES
  - NOT AVAILABLE
- NUMBER OF PRODUCTS
  - 9 (ALL CATEGORIES EXCEPT PROGRAMMING AIDS)
- LICENSED TO
  - CPU SERIAL NUMBER
- PAYMENT METHODS
  - MONTHLY (3 TO 1,188 MONTHS)
  - SINGLE PAYMENT
- LIST PRICES
  - \$3,500                  \$2,500                  \$9,800  
  (99 YEAR SINGLE PAYMENT PRICES)
  - MONTHLY PRICES NOT AVAILABLE FOR INTERVIEW

INPUT



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RESPONDENT N - (continued)

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- DISCOUNT PLANS

- 25% LESS FOR SECOND CPU
- 33% LESS FOR THIRD AND ALL OTHER CPU'S
- 33% LESS FOR SECOND AND ALL ADDITIONAL SITES
- 10% ADDITIONAL DISCOUNT ON FULL-LICENSE FEE FOR EDUCATION INSTITUTIONS ONLY

- MISCELLANEOUS

- MAINTENANCE IS INDIRECTLY DISCOUNTED BECAUSE IT IS 12% OF SOFTWARE CONTRACT PRICE
- 50% OF THE MONTHLY PAYMENT FOR FIRST 6 MONTHS IS CREDITED TOWARDS PURCHASE
- MAINTENANCE PENALTY IMPOSED IF USER DOESN'T BUY MAINTENANCE FOR SOME YEARS AND THEN DECIDES TO BUY IT. USER PAYS 12% OF CONTRACT PRICE FOR INTERVENING YEARS PLUS 12% FOR CURRENT YEAR PLUS AN EXTRA 10% OF MAINTENANCE FEE AS A PENALTY. "THIS IS A PENALTY WE IMPOSE SINCE WE MAKE MOST OF OUR MONEY FROM MAINTENANCE."



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RESPONDENT 0

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- 1979 REVENUE
  - NOT AVAILABLE
- EMPLOYEES
  - NOT AVAILABLE
- NUMBER OF PRODUCTS
  - 2 (DATA MANAGEMENT, REPORT GENERATOR)
- LICENSED TO
  - CPU SERIAL NUMBER
- PAYMENT METHODS
  - MONTHLY
  - PAID-UP LICENSE
- LIST PRICES
  - MONTHLY LICENSE      \$    510      \$ 1,170
  - PAID-UP LICENSE      \$17,000      \$39,000

INPUT



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RESPONDENT 0 - (continued)

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- DISCOUNT PLANS

- 50% LESS FOR SECOND CPU
- 60% LESS FOR THIRD AND ADDITIONAL CPU'S
- 20% LESS ON ALL PRICES FOR EDUCATIONAL INSTITUTIONS
- FEDERAL GOVERNMENT PRICES ARE NEGOTIATED BUT ARE AT LEAST 10% LESS THAN COMMERCIAL PRICES

- MISCELLANEOUS

- 50% OF THE MOST RECENT 12 MONTHLY LICENSE FEES CAN BE CREDITED TOWARDS A PAID-UP LICENSE
- A 3 MONTH TRIAL PERIOD IS AVAILABLE AT MONTHLY LICENSE FEE RATES. 100% OF THESE FEES ARE CREDITED TOWARDS PAID-UP LICENSE IF DECISION IS MADE IN FOURTH MONTH.
- 10 SETS OF DOCUMENTATION ARE PROVIDED FOR EACH CPU
- 10 DAYS OF TRAINING INCLUDED WITH PAID-UP LICENSE
- 3 DAYS OF TRAINING INCLUDED WITH MONTHLY LICENSE
- MONTHLY LICENSE CONTRACT IS ANNUAL BUT IS CANCELLABLE UPON 30 DAYS NOTICE



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RESPONDENT P

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- 1979 REVENUE
  - NOT AVAILABLE
- EMPLOYEES
  - 10
- NUMBER OF PRODUCTS
  - 2 (OPERATING SYSTEMS)
- LICENSED TO
  - USER FIRM
- PAYMENT METHODS
  - MONTHLY ONLY
- LIST PRICES
  - MONTHLY     \$90     \$75
- DISCOUNT PLANS
  - 50% OFF TOTAL MONTHLY FEE IF BOTH PRODUCTS ACQUIRED TOGETHER
  - NO MULTIPLE SYSTEM OR SITE DISCOUNT OFFERED BUT THEY CAN BE NEGOTIATED
- MISCELLANEOUS
  - UPGRADING AND TRAINING ARE INCLUDED

INPUT



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## RESPONDENT Q

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- 1979 REVENUE
  - \$20 MILLION
- EMPLOYEES
  - 450
- NUMBER OF PRODUCTS
  - 5 (COMPILERS, COMMUNICATIONS, APPLICATIONS)
- LICENSED TO
  - MANUFACTURER'S RANGE OF SYSTEMS
- PAYMENT METHOD
  - VARIABLE DEPENDING UPON CONTRACT, LAST PAYMENT IS MADE UPON ACCEPTANCE
  - ROYALTY PAYMENTS IN SPECIAL SITUATIONS
- LIST PRICES
  - PURCHASE     \$50,000-\$70,000     \$300,000-\$400,000
- DISCOUNT PLANS
  - UP TO 50% LESS FOR EXTENSION TO DIFFERENT SYSTEM
  - CUSTOMER CAN ELECT TO WRITE PART OF SYSTEM AND THEN PRICE WOULD BE LESS

INPUT



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RESPONDENT R

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- 1979 REVENUE
  - \$30,000
- EMPLOYEES
  - 2 FULL TIME, 3 PART TIME
- NUMBER OF PRODUCTS
  - 3 (PROGRAMMING AIDS, UTILITIES)
- LICENSED TO
  - SYSTEM LIBRARY, USER SITE
- PAYMENT METHODS
  - MONTHLY, (FULL PAYOUT)
  - PAID-UP LICENSE
- LIST PRICES
  - MONTHLY                      \$ 145(12)      \$ 145(12)      \$ 125(10)
  - PAID-UP LICENSE      \$1,400              \$1,400              \$1,000

INPUT



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RESPONDENT R - (continued)

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- DISCOUNT PLANS

- 50% LESS FOR SITES 2-5
- NEGOTIATED BEYOND 5 SITES
- NO CHARGE FOR USE ON MULTIPLE SYSTEMS AT THE SAME SITE
- 50% DISCOUNT AT ALL SITES FOR EDUCATIONAL INSTITUTIONS

- MISCELLANEOUS

- TRAINING IS NOT INCLUDED
- NO MAINTENANCE NECESSARY. SOURCE CODE IS DISTRIBUTED.

INPUT



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**RESPONDENT S**

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- 1979 REVENUE
  - NOT AVAILABLE
- EMPLOYEES
  - 15
- NUMBER OF PRODUCTS
  - 6 (UTILITIES, REPORT GENERATORS, APPLICATIONS)
- LICENSED TO
  - SYSTEM
- PAYMENT METHODS
  - MONTHLY (ONE YEAR LEASE ONLY)
  - PAID-UP LICENSE
- LIST PRICES
  - MONTHLY                   \$ 25   \$ 125   \$ 100   N/A   \$ 475   \$ 375
  - PAID-UP LICENSE   \$500   \$2,500   \$2,000   \$2,500   \$9,500   \$7,500
- DISCOUNT PLANS
  - NONE, MIGHT BE NEGOTIATED IN SPECIAL CIRCUMSTANCES  
BUT HAS NOT BEEN NECESSARY YET

INPUT



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RESPONDENT S - (continued)

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- MISCELLANEOUS

- 30 DAY TRIAL PERIOD AVAILABLE AT 10% OF PAID-UP LICENSE, FULLY CREDITED TOWARDS PAID-UP LICENSE
- ONE YEAR LEASE IS NEW. CREDITS, IF ANY TO PAID-UP LICENSE, WERE NOT AVAILABLE AT INTERVIEW TIME.
- NO MAINTENANCE, SOFTWARE FULLY GUARANTEED ONCE IT IS UP AND RUNNING

INPUT



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RESPONDENT T

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- 1979 REVENUE
  - NOT AVAILABLE
- EMPLOYEES
  - 6
- NUMBER OF PRODUCTS
  - 3 (OPERATING SYSTEMS, APPLICATIONS)
- LICENSED TO
  - USER SITE
- PAYMENT METHODS
  - MONTHLY (1, 2 AND 3 YEAR FULL PAY OUT)
  - PAID-UP LICENSE
- LIST PRICES
  - MONTHLY
    - . (PAID-UP LICENSE + 7%) 12, 24, OR 36
  - PAID-UP LICENSE
    - . 17,500/24,500, 30,000, 40,000

INPUT



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RESPONDENT T - (continued)

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- DISCOUNT PLANS

- 40% LESS FOR SITES 2 AND 3
- 60% LESS FOR SITES 4 THROUGH 9
- 75% LESS FOR SITES 10 AND OVER
- MULTIPLE SYSTEMS AT SAME SITE ARE FREE
- 2% ADDITIONAL DISCOUNT FOR EDUCATIONAL INSTITUTIONS

- MISCELLANEOUS

- 3 DAYS TRAINING INCLUDED AT FIRST SITE, NONE AT DISCOUNTED SITES
- MAINTENANCE IS NOT INCLUDED EXCEPT TO THE FEDERAL GOVERNMENT WHEN IT IS ALWAYS INCLUDED AT SAME PRICE SCHEDULE

INPUT



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RESPONDENT U

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- 1979 REVENUE
  - \$400,000
- EMPLOYEES
  - 10
- NUMBER OF PRODUCTS
  - 6 (COMMUNICATIONS, PROGRAMMING AIDS, UTILITIES)
- LICENSED TO
  - CPU SERIAL NUMBER
- PAYMENT METHODS
  - PAID-UP LICENSE
  - UNLIMITED LICENSE
- LIST PRICES
  - PAID-UP LICENSE: \$9,800, \$4,500, \$2,500
    - . TWO PRODUCTS ARE \$9,800, ONE IS \$4,500, OTHERS ARE \$2,500
  - UNLIMITED USE LICENSE
    - . WOULD NOT SAY, EXCEPT THAT IT IS BETWEEN 6 AND 7 SYSTEMS. BASED UPON THE DISCOUNT SCHEDULE, THAT MAKES IT ABOUT 5.5 TIMES LIST PRICE

— INPUT —



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RESPONDENT U - (continued)

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- DISCOUNT PLAN
  - 15% LESS FOR COPIES 2 AND 3
  - 25% LESS FOR COPIES 4 AND OVER
  - 25% LESS THAN LIST ON ALL COPIES TO EDUCATIONAL INSTITUTIONS
- MISCELLANEOUS
  - MAINTENANCE AT ADDITIONAL SITES IS 25% LESS BUT SERVICE IS THE SAME
  - FULL TRAINING IS INCLUDED AT EACH INSTALLATION



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RESPONDENT V

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- 1979 REVENUE
  - NOT AVAILABLE
- EMPLOYEES
  - NOT AVAILABLE
- NUMBER OF PRODUCTS
  - 4 (PROGRAMMING AIDS, DATA MANAGEMENT)
- LICENSED TO
  - CPU SERIAL NUMBER
- PAYMENT METHODS
  - PAID-UP LICENSE
- LIST PRICES
  - PAID-UP LICENSE \$4,750

INPUT



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RESPONDENT V - (continued)

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- DISCOUNT PLANS

- \$2,200 SECOND COPY, SAME SITE
- \$1,800 THIRD COPY, SAME SITE
- \$1,600 FOURTH COPY, SAME SITE
- \$1,400 FIFTH PLUS COPIES, SAME SITE
- \$2,800 SECOND SITE
- \$2,600 THIRD SITE
- \$2,400 FOURTH SITE
- \$2,200 FIFTH PLUS SITES

- MISCELLANEOUS

- CONSIDERING OFFERING FEDERAL GOVERNMENT REDUCED SCOPE FOR LESS MONEY
- FEELS COMMERCIAL PRICES ARE TOO LOW

INPUT



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RESPONDENT W

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- 1979 REVENUES
  - \$1 MILLION
- EMPLOYEES
  - 12
- NUMBER OF PRODUCTS
  - 6 (OPERATING SYSTEMS, COMPILERS, CONVERSION AIDS)
- LICENSED TO
  - CPU SERIAL NUMBER AND USER SITE, USER FIRM
- PAYMENT METHODS
  - PAID-UP LICENSE
- LIST PRICES
  - PAID-UP LICENSE: \$800, \$1,400, \$400, \$500, \$800, \$495
- DISCOUNT PLANS
  - 2 SITES ARE 1.5 TIMES LIST PRICE
  - MORE THAN 2 SITES ARE 2 TIMES LIST PRICE
  - PACKAGE DISCOUNT IF ALL OF THE FIRST FIVE PRODUCTS ARE ACQUIRED AT THE SAME TIME IS ABOUT 13% (\$3,400/\$3,900)

INPUT



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RESPONDENT W - (continued)

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- PACKAGE DISCOUNT FOR EDUCATIONAL INSTITUTIONS IS "A LITTLE GREATER"
- DISCOUNTS ARE THE SAME FOR MULTIPLE SYSTEMS AT THE SAME SITE
- MISCELLANEOUS
  - SOMETIMES TRAINING IS DISCOUNTED (NEGOTIABLE)
  - OTHER DISCOUNTS CAN BE NEGOTIATED, IF NECESSARY, BUT SO FAR THEY HAVE NOT BEEN NECESSARY

INPUT



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RESPONDENT X

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- 1979 REVENUE
  - \$3-4 MILLION
- EMPLOYEES
  - 20 FULL TIME, 10 PART TIME
- NUMBER OF PRODUCTS
  - 7 (CONVERSION AIDS, UTILITIES, APPLICATIONS)
- LICENSED TO
  - USER SITE
- PAYMENT METHODS
  - MONTHLY (ONE YEAR LEASE)
  - PERENNIAL LEASE
- LIST PRICES
  - WILL SEND GSA PRICES
- DISCOUNT PLANS
  - 50% LESS FOR SECOND AND ALL OTHER COPIES
  - 5% ADDITIONAL DISCOUNT FOR EDUCATIONAL INSTITUTIONS
  - 5% ADDITIONAL DISCOUNT FOR FEDERAL GOVERNMENT
  - 10-30% ADDITIONAL FOR FEDERAL GOVERNMENT ON ORDERS IN EXCESS \$100,000

INPUT



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RESPONDENT X - (continued)

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- MISCELLANEOUS

- FEDERAL GOVERNMENT IS PRIMARY CUSTOMER
- FREE UPGRADING AND FREE EXTRA DOCUMENTATION  
HAVE BEEN EXCHANGED FOR COMPUTER TIME
- 80% OF THE ONE YEAR LEASE PAYMENTS CAN BE CREDITED  
TO THE PERENNIAL LEASE

INPUT



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RESPONDENT Y

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- 1979 REVENUE
  - NOT AVAILABLE
- EMPLOYEES
  - NOT AVAILABLE
- NUMBER OF PRODUCTS
  - 7 (OPERATING SYSTEMS, COMPILERS, COMMUNICATIONS, APPLICATIONS)
- LICENSED TO
  - USER FIRM
- PAYMENT METHODS
  - MONTHLY (ONE TO TEN YEARS)
  - PAID-UP LICENSE
- LIST PRICES
  - PAID-UP LICENSE: \$120,000, \$90,000, \$20,000
  - MONTHLY (EXAMPLE: \$120,000 PROGRAM;  $\frac{1}{2}$  DOWN PLUS \$.08/ACCOUNT FOR LEASE TERM)
- DISCOUNT PLANS
  - 5% LESS FOR SECOND COPY IF A DIFFERENT ORGANIZATION ORDERS JOINTLY
  - NO OTHER DISCOUNTS AVAILABLE

INPUT



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RESPONDENT Z

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- 1979 REVENUES
  - \$1 MILLION
- EMPLOYEES
  - 30
- NUMBER OF PRODUCTS
  - 2 (PROGRAMMING AIDS)
- LICENSED TO
  - CPU SERIAL NUMBER
- PAYMENT METHODS
  - MONTHLY (FULL PAY OUT IN 7-8 MONTHS)
  - PAID-UP LICENSE
- LIST PRICES
  - PAID-UP LICENSE, EXAMPLE: \$20,000

INPUT



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RESPONDENT Z - (continued)

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- DISCOUNT PLANS

- 80% DISCOUNT OR MORE FOR SECOND CPU OF SAME TYPE
- 60% DISCOUNT OR MORE FOR SECOND CPU OF DIFFERENT TYPE
- 25% LESS IF SINGLE COPIES OF MANY PRODUCTS ARE ACQUIRED AT SAME TIME
- 15% LESS IF SINGLE COPIES OF MANY PRODUCTS ARE ACQUIRED AT DIFFERENT TIMES
- IF MAINTENANCE CONTRACT IS RENEWED BEFORE PREVIOUS CONTRACT HAS EXPIRED, THE MAINTENANCE CHARGE IS ONLY 10% INSTEAD OF THE NORMAL 15%
- ALL DISCOUNTS VARY AND CAN BE NEGOTIATED

- MISCELLANEOUS

- PRODUCTS ARE SOLD PRIMARILY TO COMPUTER INDUSTRY





